

CLEVELAND PUBLIC LIBRARY  
BUSINESS INF. BUREAU  
CORPORATION FILE

# McCRORY STORES CORPORATION

## *Annual Report*

# 1948







## Directors

RANDOLPH CATLIN	R. F. COPPEDGE	
A. J. FINK	FRANK J. HUMPHREY	N. BAXTER JACKSON
ROBERT W. JAMESON	HARRY O. LATHAM	WILLIAM L. LESS
F. W. PAUL	LEONARD SPANGENBERG	EUGENE W. STETSON

## Executive Committee

ROBERT W. JAMESON, *Chairman*

R. F. COPPEDGE	A. J. FINK	FRANK J. HUMPHREY
EUGENE W. STETSON		LEONARD SPANGENBERG

## Officers

R. F. COPPEDGE *Chairman of the Board of Directors*

F. W. PAUL	<i>President</i>
G. C. CHAMBERS	<i>Vice President</i>
R. A. VROOM	<i>Vice President</i>
M. O. HILL	<i>Vice President</i>
T. C. LAWRENCE	<i>Financial Vice Pres. &amp; Secretary-Treasurer</i>
H. H. BOSCH	<i>Comptroller</i>

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General Counsel	Sullivan & Cromwell, New York, N. Y.
Auditors	S. D. Leidesdorf & Co., New York, N. Y.
Transfer Agent	Guaranty Trust Company of New York
Registrar	
Common Stock	Bankers Trust Company, New York, N. Y.
Preferred Stock	Chemical Bank & Trust Company, New York, N. Y.
General Office	1107 Broadway, New York, N. Y.

**DIRECTORS  
AND  
OFFICERS**

February 14, 1949

TO THE STOCKHOLDERS:

There is presented herewith, on behalf of the Board of Directors, the Financial Statements of McCrory Stores Corporation for the Year 1948, together with the report of S. D. Leidesdorf & Co., Certified Public Accountants.

Sales for the Year 1948 amounted to \$97,588,160. and exceeded 1947 by \$6,362,462. or 7%. In 1948 not all stores continued to show the upward trend in sales volume that has prevailed for the past few years. In most locations additional sales volume was secured only after physical expansion of store selling space. A comparative statement of sales and the number of stores in operation for the past ten years is shown on Page 6 of this Report.

Net income for the Year 1948 amounted to \$5,488,740. as compared with \$6,302,812. for the Year 1947. After providing for Preferred Dividends, the net income was equal to \$4.63 per share of Common Stock outstanding as compared with \$5.34 per share for 1947.

During 1948 the Corporation distributed to its Common Stock shareholders a greater portion of its earnings than in any previous year. The Board of Directors, at the year-end, increased the regular quarterly dividend on the Common Stock from 35c to 50c and declared an extra dividend of 50c which brought the total dividend payments for the Year 1948 to \$2.80 per share. The balance of the year's earnings, together with an amount equal to the annual depreciation taken by the Corporation, was invested in new stores and enlargement of old stores. These substantial expenditures for store development should contribute toward maintaining earnings in the years to come.

Further progress was made on the expansion and modernization program which the Corporation has had under way since the latter part of 1946. During the year, approximately \$4,000,000. was expended

**McCRORY  
STORES  
CORPORATION**



on this construction program. Six new store units were opened in the following cities:

SYRACUSE, N. Y.  
AIKEN, S. C.  
PALESTINE, TEXAS

TAYLOR, TEXAS  
WICHITA FALLS, TEXAS  
FRONT ROYAL, VIRGINIA

The new stores at Aiken, S. C. and Wichita Falls, Texas replaced former locations that did not afford room for expansion. In addition, major alterations adding to available store selling area were completed at the following ten stores:

MIAMI, FLA.  
TALLAHASSEE, FLA.  
CRISFIELD, MD.  
ST. LOUIS, MO.  
NEWARK, N. J.

ORANGE, N. J.  
BARNESBORO, PA.  
BRISTOL, PA.  
PHILADELPHIA, PA.  
PITTSBURGH, PA.

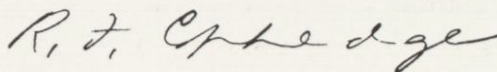
At the year-end, the Corporation deemed it advisable not to renew its present store lease at Jamaica, N. Y.

At the present time, the planned capital expenditures during 1949 will amount to approximately \$3,500,000. and will include the completion of three new stores at Kingsport, Tenn.; Lafayette, La.; and Eldorado, Ark., and the modernizing of ten store locations, which will practically complete our modernization program. In the future greater emphasis can be given to expansion by means of new store units.

The figures, graphs and pictures in the following pages illustrate the progress of the Corporation for the past ten years, which we believe will be of interest to you.

The Board of Directors wish to acknowledge that the success of the Corporation during the past year is due in great measure to the fine cooperation and genuine support of the entire McCrory organization.

BY ORDER OF THE BOARD OF DIRECTORS



R. F. COPPEDGE, *Chairman*

**REPORT  
TO  
STOCKHOLDERS**

# Ten Year Comparison

## SALES AND PROFITS

	Number of Stores	Net Sales	Income before Federal Taxes	Income after Federal Income Taxes	Per Share of Common Stock		
					Income Taxes	Net Income	Dividends
1948	202	\$97,588,160	\$ 8,688,740	\$5,488,740	2.81	4.63	2.80
1947	199	91,225,698	10,052,812	6,302,812	3.29	5.34	2.65
1946	199	84,509,508	10,537,776	6,537,776	3.51	5.55	2.00
1945	199	71,282,195	8,282,254	2,372,254	5.70	2.00	1.00
1944	203	71,324,436	8,182,804	2,182,804	6.06	1.90	1.00
1943	201	67,351,104	6,363,542	2,288,542	4.11	2.01	1.00
1942	202	62,613,293	6,184,753	2,184,753	4.04	1.90	1.00
1941	202	53,013,016	4,399,094	2,522,594	1.90	2.24	1.25
1940	199	46,207,993	2,911,199	2,332,511	.59	2.05	1.00
1939	200	43,193,608	2,590,201	2,231,012	.36	1.95	1.25

## BALANCE SHEET INFORMATION

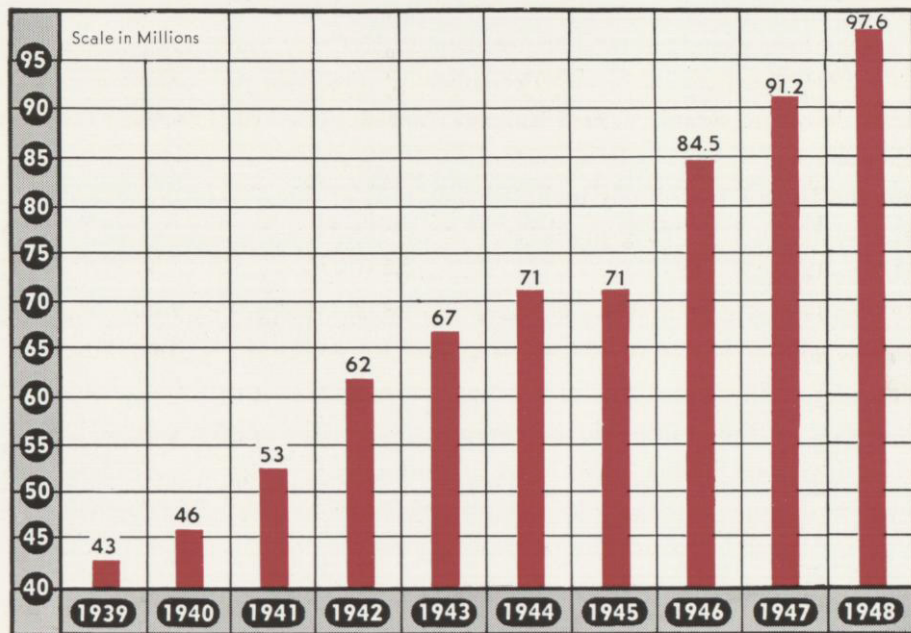
	CURRENT		Net	Net	Per Share of Common Stock	
	Assets	Liabilities	Working Capital	Fixed Assets	Working Capital	Net Worth
1948	\$23,687,945	\$6,782,548	\$16,905,397	\$14,983,021	14.83	23.71
1947	27,100,690	9,098,099	18,002,591	11,809,483	15.79	21.88
1946	24,004,068	6,810,585	17,193,483	10,744,300	15.08	20.16
1945	19,516,530	7,516,974	11,999,556	10,285,770	11.57	16.48
1944	19,403,172	8,012,208	11,390,964	10,849,283	11.50	15.06
1943	18,543,282	7,858,453	10,684,829	11,293,066	10.79	14.15
1942	18,475,795	8,713,568	9,762,227	11,915,988	9.86	13.15
1941	14,521,890	5,919,016	8,602,874	12,101,263	8.69	12.05
1940	11,115,409	3,361,337	7,754,072	11,980,207	7.83	11.05
1939	10,727,349	3,515,832	7,211,517	11,473,185	7.28	10.91

**McCRORY  
STORES  
CORPORATION**

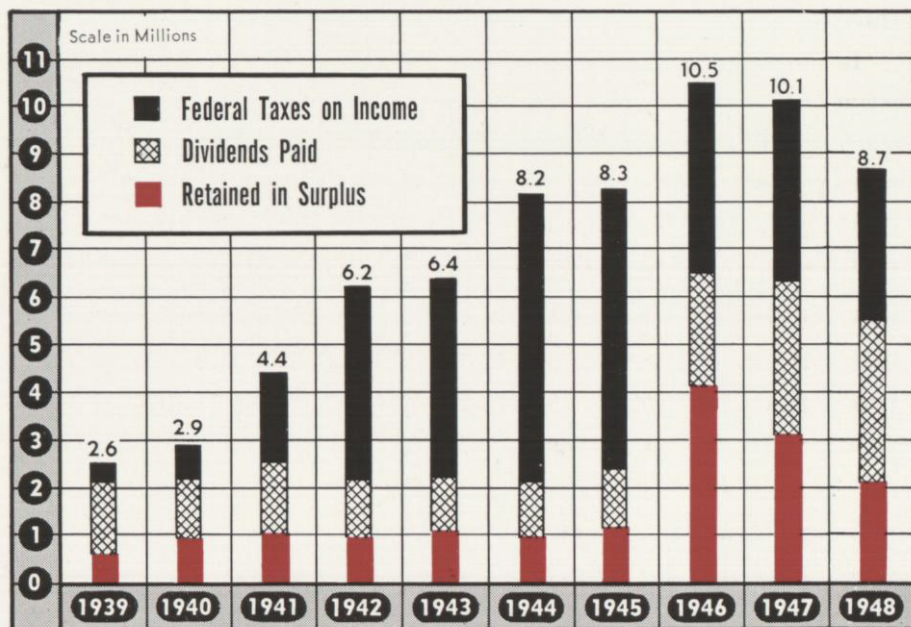


# Graphic Picture of Sales & Profits

## ANNUAL SALES



## DISPOSITION OF INCOME



**SALES  
AND  
PROFITS**

**TO THE BOARD OF DIRECTORS  
McCRORY STORES CORPORATION  
NEW YORK, N. Y.**

We have examined the balance sheet of McCrory Stores Corporation (Delaware Corporation) as at December 31, 1948 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination of the merchandise inventories included a general review of the inventory records, tests to determine the mathematical accuracy of the inventory schedules and physical tests of the quantities included in the warehouse inventories. We reviewed the method of store inventory taking as outlined in the inventory instructions issued by the management, and had our representatives present at certain stores, selected by us, for the purpose of satisfying ourselves that the inventory instructions were carried out effectively. At such stores, tests were made of quantities and retail prices which were checked to the merchandising records used as a basis for the retail method of inventory valuation.

In our opinion, the accompanying balance sheet and statement of income and earned surplus, together with the notes to financial statements, present fairly the financial position of McCrory Stores Corporation (Delaware Corporation) at December 31, 1948 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**S. D. LEIDESDORF & CO.**

*Certified Public Accountants*

New York, N. Y. February 14, 1949.

**ACCOUNTANTS'  
REPORT**



# Statement of Income and Earned Surplus

For the Year Ended December 31, 1948

SALES (merchandise, restaurant and concession) . . . . .	\$97,588,160.00
Cost of goods sold and operating expenses including occupancy and general and administrative expenses . . .	88,226,555.17
	<u>9,361,604.83</u>
Miscellaneous income, less other deductions . . . . .	73,530.72
Income before depreciation, amortization and Federal income taxes . . . . .	9,435,135.55
Depreciation and amortization . . . . .	746,395.05
Income before Federal income taxes . . . . .	<u>8,688,740.50</u>
Provision for Federal income taxes . . . . .	3,200,000.00
NET INCOME FOR THE YEAR . . . . .	<u>5,488,740.50</u>
EARNED SURPLUS (since January 1, 1936) :	
Balance—December 31, 1947 . . . . .	16,091,352.77
	<u>21,580,093.27</u>
Dividends paid on:	
Common Stock—\$2.80 per share \$ 3,192,674.80	
3½% Cumulative Convertible	
Preferred Stock . . . . .	210,000.00      3,402,674.80
EARNED SURPLUS—Balance December 31, 1948—Note D	<u>\$18,177,418.47</u>

The Notes to Financial Statements are an integral part of the above statement and should be read in conjunction therewith.

**McCRORY  
STORES  
CORPORATION**

# McCrorry Stores

(Delaware Corporation)

## BALANCE SHEET as of December 31, 1952

### ASSETS

#### CURRENT ASSETS:

Cash on hand, in banks and in transit .....	\$ 7,194,992.70	
U. S. Government obligations—at par .....	5,000,000.00	
Merchandise inventories at stores and warehouses—Note A .....	\$ 9,751,192.91	
Merchandise in transit—at cost .....	1,627,452.84	11,378,645.75
Miscellaneous accounts receivable, less reserve .....		114,307.18
Total Current Assets .....		<u>23,687,945.63</u>

#### FIXED ASSETS:

Real estate, at adjusted value Dec. 31, 1936 and subsequent additions at cost .....	6,105,935.53	
Less: Reserve for depreciation .....	1,477,236.04	4,628,699.49
Furniture and fixtures, equipment and utensils, at adjusted value July 31, 1936 and subsequent additions at cost .....	7,694,475.94	
Less: Reserve for depreciation .....	3,143,925.73	4,550,550.21
Improvements to leased property, at ad- justed value Jan. 1, 1936 and sub- sequent additions at cost .....	8,714,094.35	
Less: Reserve for amortization .....	2,910,322.77	5,803,771.58
Total Fixed Assets .....		<u>14,983,021.28</u>

#### DEFERRED CHARGES:

Prepaid rents, insurance, taxes, store supplies, etc. ....	1,142,282.78
	<u>\$39,813,249.69</u>

The Notes to Financial Statements are an integral part of the above statement and should be read in conjunction therewith.

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A—

##### Merchandise at Stores:

Inventories at the lower of cost or market based upon the retail method of inventory valuation .....	\$8,987,390.64
Inventories at cost—Restaurants .....	85,636.35
Merchandise at Warehouses—at cost .....	678,165.92
	<u>\$9,751,192.91</u>

Cost of goods sold for the current year has been determined on the basis of inventories established as outlined above.

#### NOTE B—

The 3½% Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation in whole or in part, at \$105.50 per share on or prior to January 1, 1950, and thereafter at successively reduced prices to January 1, 1952, after which date the redemption price will be \$104.00 per share, plus in each case accrued dividends to date of redemption, and in the event of voluntary liquidation, is entitled to receive an amount equal to the then redemption price, and in the event of involuntary liquidation, is entitled to \$100.00 per share and accrued dividends.

**MCCRORY  
STORES  
CORPORATION**



# s Corporation

poration)

December 31, 1948

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable—including merchandise in transit	\$ 3,052,387.78	
Accrued expenses, taxes, rents, salaries, officers' and employees' bonus, etc.		3,464,872.09
Reserve for Federal taxes on income—		
Note F	\$3,265,288.60	
Less: U. S. Treasury Notes	3,000,000.00	265,288.60
Total Current Liabilities		<u>6,782,548.47</u>

### CAPITAL STOCK AND SURPLUS:

Preferred Stock—Cumulative Convertible Par Value \$100.00 Per Share:		
Authorized	80,000 shares	
Issued and outstanding	60,000 shares	
which have been designated as 3½%		
Series — Note B		6,000,000.00
Common Stock—Par Value \$1.00 Per Share—Note C		
Authorized	1,400,000 shares	
Issued and outstanding	1,140,241 shares	1,140,241.00
Capital Surplus		
(no change during year)—Note D	7,713,041.75	
Earned Surplus (since January 1, 1936)		
—Note D	18,177,418.47	33,030,701.22
		<u>\$39,813,249.69</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE C—

Of the total of 1,400,000 shares of Common Stock authorized, 150,000 shares are reserved for issuance upon conversion of the 3½% Cumulative Convertible Preferred Stock.

### NOTE D—

Pursuant to certain restrictions in connection with the authorization of 3½% Cumulative Convertible Preferred Stock, Capital and Earned Surplus as at December 31, 1948 in the approximate amount of \$15,700,000 is not available for dividends on the Common Stock.

### NOTE E—

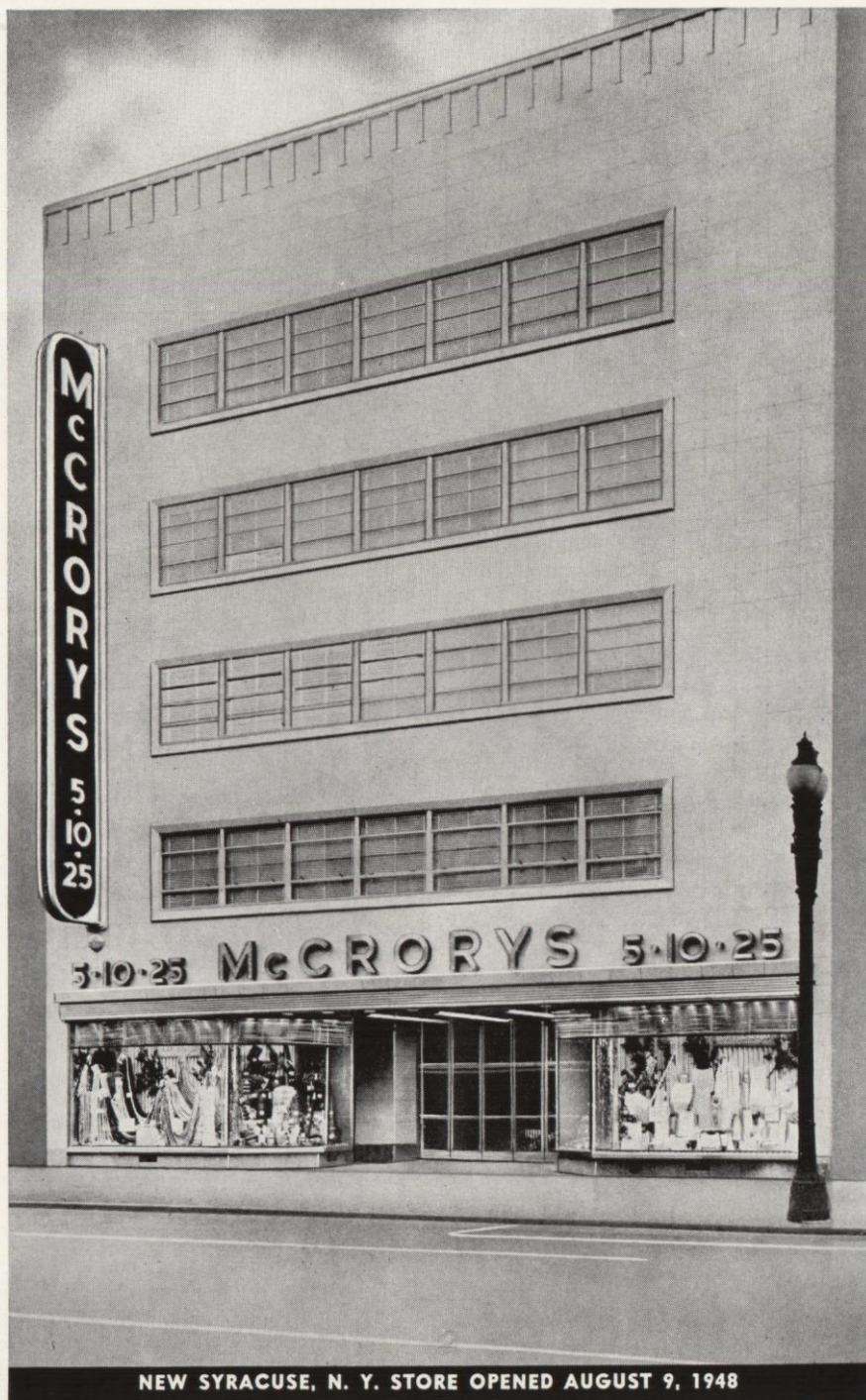
During the year 1947, the Corporation liquidated all prior service costs of the Employees' Retirement Plan. In computing the 1948 provision for Federal income taxes a deduction was taken, in accordance with the present tax law, of approximately \$250,000, representing the prior service cost applicable to the year 1948.

### NOTE F—

The accompanying financial statements are subject to final determination of Federal taxes on income.

1948  
BALANCE  
SHEET

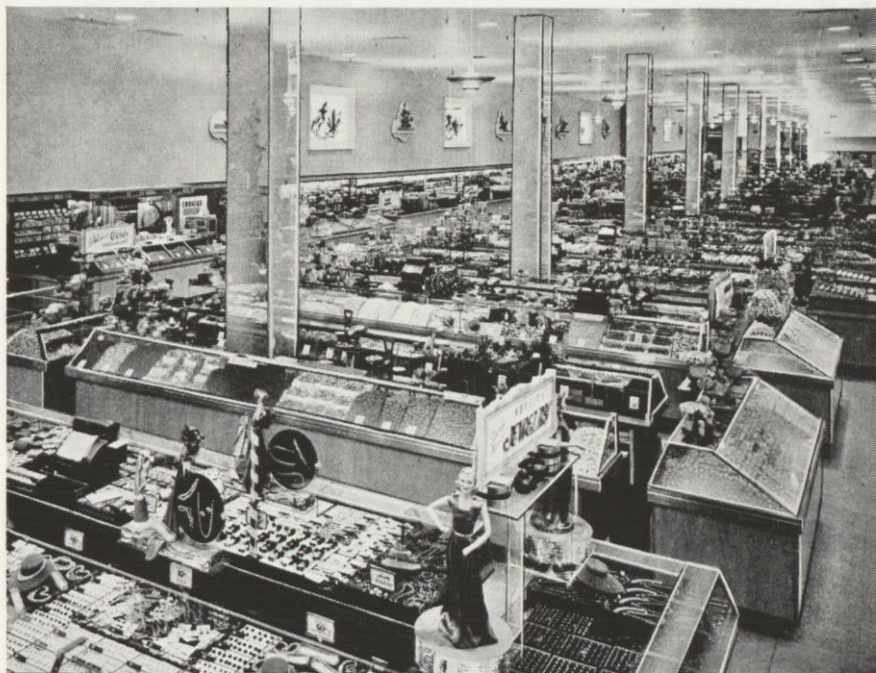




NEW SYRACUSE, N. Y. STORE OPENED AUGUST 9, 1948

**McCRORY  
STORES  
CORPORATION**





**MAIN FLOOR DESIGNED FOR ATTRACTIVE COUNTER DISPLAY**



**WIDE AISLES AND MODERN LIGHTING FOR CUSTOMER COMFORT**




**SYRACUSE  
N. Y.  
STORE**





ENLARGED AND REMODELED NEWARK, N. J. STORE COMPLETED FEB. 1948



**McCRORY  
STORES  
CORPORATION**





**INTERIOR VIEW OF MODERNIZED STREET FLOOR AND BASEMENT**

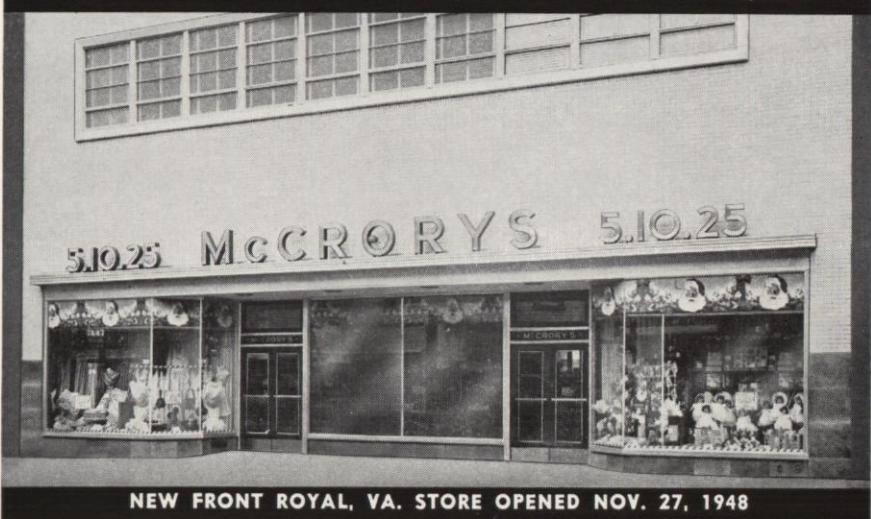


**FRESHLY BAKED FROM OUR NEWLY INSTALLED ULTRA MODERN OVENS**



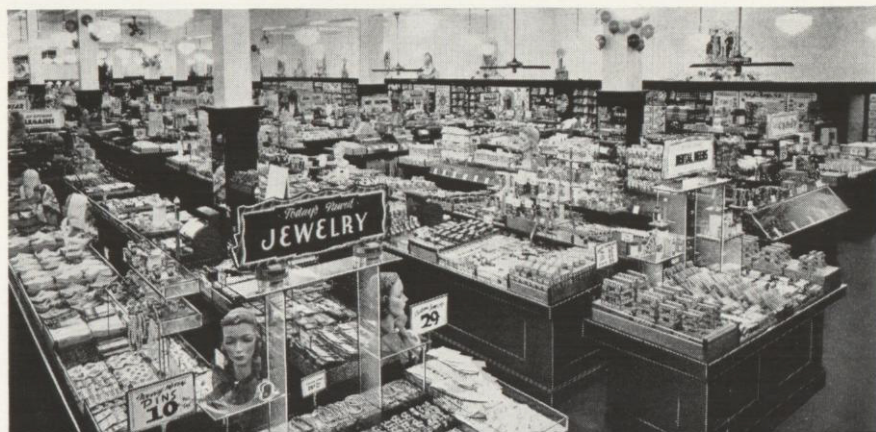
**NEWARK  
N. J.  
STORE**





**McCRORY  
STORE  
EXTERIORS**





REMODELED AND ENLARGED BRISTOL, PA. STORE



NEW PALESTINE, TEXAS STORE OPENED NOV. 13, 1948



WICHITA FALLS, TEXAS STORE AT NEW LOCATION ON MARCH 13, 1948

**McCRORY  
STORE  
INTERIORS**



**Alabama (2)**

Eufaula  
Mobile

**Arkansas (3)**

Fort Smith  
Jonesboro  
†Eldorado

**Connecticut (1)**

Danbury

**Delaware (1)**

Dover

**Dist. of Col. (1)**

Washington

**Florida (37)**

Arcadia  
Bartow  
Bradenton  
Clearwater  
Daytona Beach  
128 S. Beach St.  
814 Main St.  
Deland  
Fort Lauderdale  
Fort Myers  
Fort Pierce  
Gainesville  
Homestead  
Jacksonville  
Kissimmee  
Lake City  
Lakeland  
Leesburg  
Live Oak  
Melbourne  
Miami  
Miami Beach  
New Smyrna  
Ocala  
Orlando  
Palatka  
Panama City  
Plant City  
Punta Gorda  
Quincy  
Sanford  
Sarasota  
St. Augustine  
St. Petersburg  
Tallahassee  
Wauchula  
West Palm Beach  
Winter Haven

**Georgia (7)**

Atlanta  
Bainbridge  
Columbus  
Cordele  
Savannah  
Tifton  
Valdosta

**Indiana (3)**

Anderson  
Indianapolis  
Terre Haute

**Kentucky (1)**

Louisville

**Louisiana (4)**

New Orleans  
1626 Dryades St.  
1005 Canal St.  
Shreveport  
†Lafayette

**Maryland (8)**

Baltimore  
Cambridge  
Crisfield  
Cumberland  
Easton  
Frederick  
Hagerstown  
Salisbury

**Massachusetts (2)**

New Bedford  
1115 Acushnet Ave.  
1009 S. Water St.

**Mississippi (2)**

Jackson  
McComb

**Missouri (1)**

St. Louis

**New Jersey (10)**

Asbury Park  
Atlantic City  
Burlington  
Camden  
Jersey City  
Newark  
Orange  
Passaic  
Perth Amboy  
Rahway

**New York (7)**

Brooklyn  
Johnson City  
New York City  
Long Island City  
Niagara Falls  
Syracuse  
Reno Park

**North Carolina (4)**

Dunn  
Fayetteville  
Roanoke Rapids  
Tarboro

**Ohio (9)**

Canton  
Cleveland  
Dayton  
East Liverpool  
Hamilton  
Kent  
Springfield  
Steubenville  
Youngstown

**Pennsylvania (58)**

Allentown  
Altoona  
Barnesboro  
Bethlehem  
Bradford  
Bristol  
Brookville  
Canonsburg  
Carlisle  
Carnegie  
Chambersburg  
Charleroi  
Chester  
Clearfield  
Connellsville  
Cresson  
Donora  
DuBois  
Ebensburg  
Emporium  
Franklin  
Greensburg  
Hanover  
Homestead  
Huntingdon  
Indiana  
Johnstown  
Kane  
Lancaster  
Lebanon  
Lewistown  
Monongahela  
Mt. Pleasant  
New Brighton  
Patton  
Philadelphia  
1205 Market St.  
919 Market St.  
38 S. 52nd St.  
Philipsburg  
Pittsburgh  
105 E. Ohio St.  
314 Fifth Avenue  
Portage  
Pottstown  
Punxsutawney  
Reading  
Reynoldsville  
Ridgway  
Scottdale  
Scranton

**Pa. (cont.)**

Somerset  
South Fork  
Tyrone  
Vandergrift  
Waynesboro  
Waynesburg  
Wilkes-Barre  
Windber  
York

**South Carolina (8)**

Aiken  
Chester  
Columbia  
Gaffney  
Georgetown  
Greenwood  
Newberry  
Rock Hill

**Tennessee (4)**

Bristol  
†Kingsport  
Morristown  
Oak Ridge

**Texas (14)**

Big Spring  
Corpus Christi  
Denton  
Fort Worth  
Galveston  
Hillsboro  
McAllen  
Nacogdoches  
Palestine  
San Antonio  
Taylor  
Terrell  
Waco  
Wichita Falls

**Virginia (7)**

Cape Charles  
Charlottesville  
Front Royal  
Harrisonburg  
Pulaski  
Staunton  
Winchester

**West Virginia (11)**

Charleston  
Clarksburg  
Fairmont  
Grafton  
Huntington  
Mannington  
Martinsburg  
Morgantown  
New Martinsville  
Parkersburg  
Wheeling

202

McCRORY STORES  
IN  
23 STATES\*

\*And the District of Columbia

†Stores contemplated or under construction.

Stockrooms at New York, N. Y. and Huntingdon, Pa.





